

Vietnam: Brokers

30 July 2021

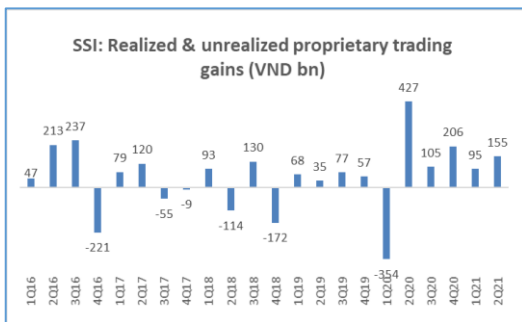
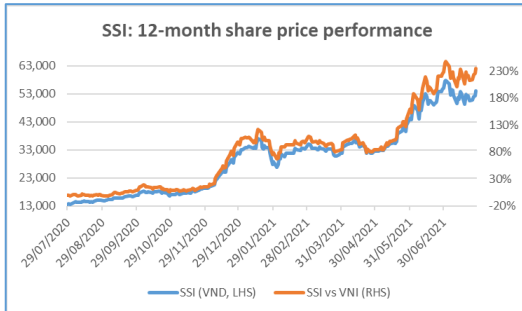
HOLD-Underperform

Target Price upside -20.9%

Close 3 November 2020

Price VND 54,000
12M Target VND 42,706

Share price performance relative to VNI



Market cap	US\$1.5bn
6M avg. daily turnover	US\$23m
Outstanding shares	738m
Free float	65%
FINI ownership	35%
Major shareholders	52%
2Q21 Net debt/equity	210%
2021E EV/EBITDA	17x
2021E P/B	3.9x
2020E Dividend yield	1.9%
Trading platform	HOSE
FOL Room	nmf*

*Note: SSI has no foreign ownership limit

Source: Bloomberg, FiinPro, Yuanta Vietnam

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SSI Securities (SSI VN)

Margin finance leader once again

Event

SSI reported 2Q21 PATMI of VND591bn (+39% QoQ / +13% YoY). In a shift that has been well-flagged in the media, SSI regained its dominance of margin lending during 2Q21. However, prop trading lagged despite the substantial market tailwinds in 2Q21.

Details

Net brokerage income came in at VND253bn (+42% QoQ / +580% YoY) in 2Q21. The result confirms our observation that SSI has improved its pure brokerage efficiency, with estimated net commissions rising from roughly zero in 2Q19-3Q20 to 6-8bps in 4Q20-2Q21. We estimate gross fees of 18bps in 2Q21 with net fees of 8bps, in line with HCM's estimated net commissions.

Prop trading disappointed given how strong the market was in 2Q21. SSI stepped up its disposal gains to VND142bn (+34% QoQ / 10x YoY) but revaluation gains were just VND13bn (vs. a -VND11bn loss in 1Q21 but down 97% YoY).

Back in the vanguard of margin lending. SSI took advantage of its balance sheet to expand margin lending in 2Q, a period in which the other major margin lenders were constrained by regulatory caps on leverage. Gross lending income of VND338bn (+38 QoQ / +212% YoY) was driven by 45% QoQ / 4x increase in margin loans to VND16.2trn, which ranks SSI as the No 1 margin lender once again. This represents 39% of total assets, the highest percentage in SSI's history. We estimate SSI's gross lending yields were 9.9% in 2Q21.

SSI: Results Summary	3Q20 (VND bn)	YoY	QoQ
Gross brokerage income	623	228%	43%
Net brokerage income	253	580%	41%
Service fees	-3	-154%	272%
Gross margin income	338	212%	38%
Prop trading	155	-64%	63%
Gains from AFS assets	0	-100%	nmf
Gains from HTM assets	158	-37%	-8%
Net operating income	1,021	14%	26%
PBT	733	13%	38%
Reported PATMI	590	13%	39%

Source: Company data, FiinPro

We reiterate HOLD-Underperform. SSI may be supported by its No.1 position in market share of brokerage and (for now) margin lending. Its sector-high trading liquidity and market cap and lack of FOL limitations positions it well for ETF inflows. Nevertheless, [valuations are stretched](#) and we suggest waiting for a cheaper entry opportunity.

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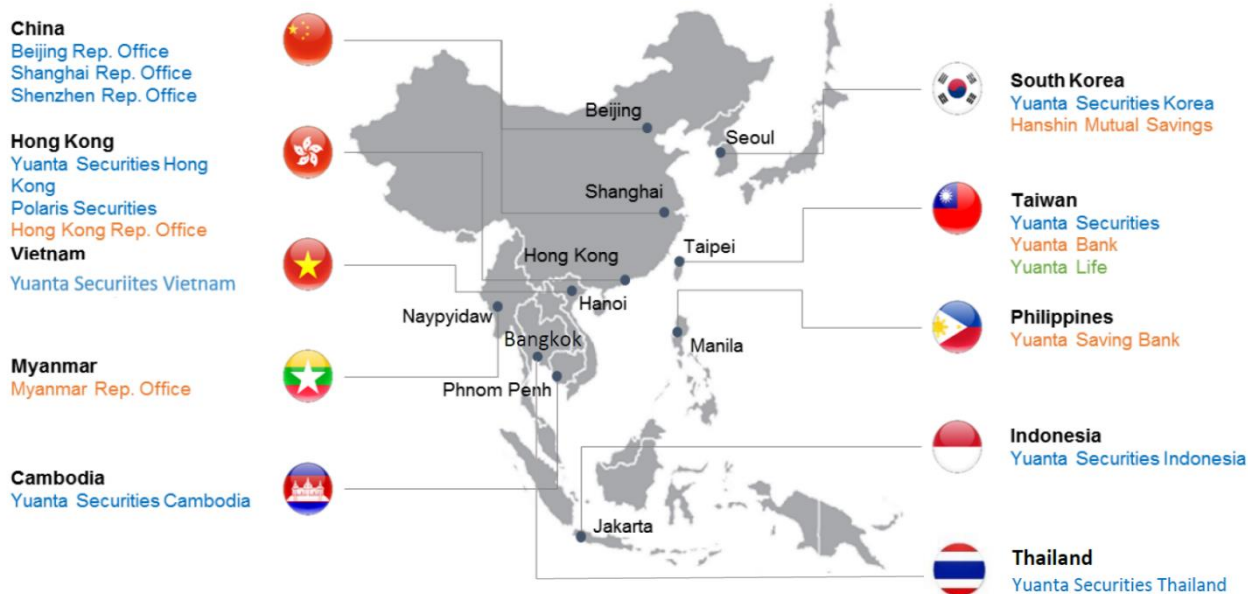
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